



## **BRIGHT FROM THE START: Georgia Department of Early Care and Learning**

### **Nutrition Services**

<b>POLICY</b>	<b>No.: SFSP/17-20</b>	<b>Effective Date:</b>	4/26/2017
		<b>Revised:</b>	10/1/2018
		<b>Revision Effective:</b>	10/1/2018

**SUBJECT:** Financial Recordkeeping in the Child and Adult Care Food Program (CACFP) and the Summer Food Service Program (SFSP)

**LEGAL AUTHORITY:** O.C.G.A. § 20-1A-4(3); 2 C.F.R. § 200; 7 C.F.R. § 225; 7 C.F.R. § 226; 796-2 Rev. 4; 796-4 Rev. 4

*Cross Reference/See Also:*

#### **I. PURPOSE**

This policy serves as an addendum to the current Child and Adult Care Food Program (CACFP) and Summer Food Service Program (SFSP) recordkeeping policies. This policy explains specific financial recordkeeping requirements and procedures for both Programs.

#### **II. APPLIES TO**

This policy applies to all institutions and sponsors participating in the CACFP and SFSP.

#### **III. DEFINITION(S)**

"Institution" means a sponsoring organization, child care center, outside-school-hours care center, emergency shelter, or adult day care center participating in the CACFP (7 C.F.R. 226.2). It also includes homeless shelters and "at-risk" after school care programs.

"Nonprofit food service" means all food service operations conducted by the institution principally for the benefit of enrolled participants, from which all of the Program reimbursement funds are used solely for the operations or improvement of such food service.

"Sponsor" means a public or private nonprofit school food authority, a public or private nonprofit residential summer camp, a unit of local, municipal, county or State government, a public or private nonprofit college or university currently participating in the National Youth Sports

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Program (NYSP), or a private nonprofit organization which develops a special summer or other school vacation program providing food service similar to that made available to children during the school year under the National School Lunch and School Breakfast Programs and which is approved to participate in the Program (7 C.F.R. 225.2).

## IV. POLICY

In accordance with Federal Regulations, the State's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award [2 C.F.R. 200.302]. Additionally, institutions and sponsors must record the receipt and expenditure of all Program funds, Program income and other income in accordance with U.S. Generally Accepted Accounting Principles (GAAP), FNS Instructions, federal regulations and the State agency financial management system [FNS Instruction 796-2 Rev 4 IX E 3]. Activities including, but not limited to budgeting, accounting, costing standards, management of revenues, management of expenditures, management of property, procurement standards, and fiscal audits all fall under financial management. Records of these activities must be supported by source documents to accurately and completely disclose the sources and application of funds [FNS Instruction 796-4, Rev. 4 VI A].

Whether operating the CACFP or the SFSP, the most common financial recordkeeping requirements for institutions and sponsors include the following:

- Current, complete, and accurate financial records must be maintained;
- The records must support federal Program funds were used for its intended purpose;
- The records must support approved and allowable (reasonable and necessary) Program expenses;
- The records must support all food service operations are conducted principally for the benefit of enrolled participants, of which all of the Program reimbursement funds are used solely for the operation or improvement of that food service;
- Financial tracking must include a separate Program bank account or chart of accounts;
- Records must include, and are not limited to, source documents such as monthly record of cost forms, bank statements, canceled checks, general registries or ledgers, charts of accounts, contracts/agreements, purchase receipts and invoices;

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- All labor costs charged to the CACFP, whether allowable or generally allowable, must be fully disclosed.
- Documentation must be made available establishing the use and approval of excessive funds; and
- The records must be available immediately upon request for review by DECAL, USDA, or any of their representatives.

To ensure CACFP institutions and SFSP sponsors are in compliance with overall financial management requirements, DECAL conducts Program compliance reviews and financial compliance audits which includes evaluating the institutions/sponsors financial activities and source documents. As part of the review or audit, the compliance examiner will attempt to answer questions similar to the ones listed below. Institutions and sponsors must frequently review these questions and assess if they are meeting the requirements. The list is not all inclusive.

### SAMPLE COMPLIANCE REVIEW QUESTIONS ON FINANCIAL RECORDKEEPING

- Does the institution/sponsor have a complete and accurate Monthly Record of Costs form or an approved alternate form/method to separate such costs?
- Are all costs charged to the CACFP and/or the SFSP allowable costs?
- Does the institution/sponsor have invoices/receipts to support all financial transactions captured in the general ledger or record management system that establishes what was purchased and charged to the Program?
- Does the institution/sponsor utilize a general ledger or other comprehensive record management system that captures all the financial transactions and/or activities conducted for the institution's/sponsor's food service program? Is the general or financial record management system well organized?
- Did the institution/sponsor obtain DECAL approval, or if necessary, prior approval, specific prior written approval, or FNS approval for all expenses utilizing program funds?
- Are receipts of Program income properly safeguarded, deposited in a timely manner, and properly classified on the institution/sponsor's financial statements?
- Does the institution/sponsor have full oversight over and accountability for all Program assets as evidenced by periodic bank reconciliations?

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- Does the institution/sponsor compare actual program expenses against budgeted amounts on a periodic basis, and if necessary, submit adjusted budgets to the State?
- For CACFP sponsoring organizations, is the lesser of either actual allowable administrative costs or 15% of total reimbursement being charged to the CACFP for administrative costs? Are CACFP sponsors accurately tracking, dispersing and documenting payments to its facilities?
- Are shared costs prorated or allocated appropriately so that CACFP and/or the SFSP is charged only for the portion used? If the institution is a multi-Program participant, is there a clear separation of expenses/reimbursement for each Program?
- Does the institution/sponsor fully disclose labor costs for all employees and job functions paid with CACFP and/or SFSP funds?
- Does the institution/sponsor maintain accurate and complete labor documentation (i.e., time and attendance reports, time distribution reports and compensation plan)? Are positions paid with CACFP and/or SFSP funds approved in the Management Plan and Budget Detail? Are costs between all Programs, including costs funded by other non-CACFP/SFSP funding sources, properly allocated?
- Are labor costs consistent with the institution/sponsor's management plan and written compensation policy?
- Is total compensation to employees reasonable for the services rendered? Does total compensation conform to the established compensation policy of the organization and is consistently applied?
- Are the number of staff consistent with the size of the institution/sponsor? If the institution/sponsor is a multi-program participant, is the number of staff consistent with the number of sites?
- Is there documentation on file to support contract work and do invoices match payment made to the contractor?
- Is the institution/sponsor operating a non-profit food service, meaning, all food service operations conducted by the institution principally for the benefit of enrolled participants, from which all of the Program reimbursement funds are used solely for the operations or improvement of such food service?
- Does the institution/sponsor appear to be spending earned reimbursement within the same

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Program year?

- Is the institution/sponsor preventing accumulation of excess funds by using their Program reimbursement for administrative payments on a first-in-first out basis, meaning, for each reimbursement received, exhaust as much of the reimbursement on allowable costs prior to receiving the next month's reimbursement?
- For CACFP DCH sponsors only: Is the 10% carryover amount accurate and used on allowable costs?

Overall, financial records must be made available in such a manner that allows compliance examiners to easily verify whether the institution/sponsor is appropriately managing Program funds. The following section provides additional policy guidance on areas where DECAL finds the most common financial management violations.

## Financial Management and the CACFP/SFSP Budget

Development and approval of the Program budget is established through the institution/sponsor's budget submission process in GA ATLAS. Institutions and sponsors must ensure CACFP and/or SFSP income and expenses are consistent with approved Program budget(s). All costs must be approved by DECAL. Costs not previously approved and/or costs exceeding the approved budget amount may potentially be cited as disallowed costs. Note: If a budget line item/cost category (either operating or administrative) increases by 20% or more, this increase will require an amendment to the budget detail. If the increased cost is a generally allowable cost the institution/sponsor will be cited, but the cost will not be disallowed if the required amendment is not made. Costs requiring prior approval or specific prior written approval that increase by more than 20% will be disallowed if the required amendment is not made.

## Separation of Costs Records per Program for Multiple-Program Organization

With regard to organizations operating both the CACFP and the SFSP, all records must be maintained separately because claims are filed separately. For the sake of an institution's/sponsor's financial recordkeeping, records must be maintained specific to the Program. This means, for example, the institution would maintain two separate sets of records, one for CACFP and the other for SFSP. Records must be maintained in a manner that clearly defines monthly and fiscal year revenue and expenditures and all documentation to support costs charged to the Program.

The Program budget is a major source compliance examiners will use to determine how program costs are being allocated between programs, as well as per cost category where activities may be

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shared between CACFP/SFSP and non-Program activities (other funds costs). Institutions and sponsors must ensure shared costs are well defined and appropriately allocated. This practice is also required for Sponsors of both Day Care Homes and Centers. Although the current budget detail in ATLAS highlights only CACFP, SFSP and Other Funds Costs (non-Program), sponsors must maintain a well-documented cost allocation plan that provides further distinction of CACFP costs between Homes and Centers. Below is a sample allocation methodology used to identify the separation of costs under the Labor and Benefits cost category for ABC Childcare. ABC Childcare is a SFSP Sponsor and is also a CACFP Sponsor of both centers and homes.

### ABC Childcare Allocation Methodology (SFSP; CACFP Centers and Homes)

- Labor and Benefits: Total annual costs charged to the CACFP = \$300,000.00
- Break-down of cost per program:  
CACFP - \$240,000.00 (80%); SFSP - \$60,000.00 (20%); Other funds (0%) = 100%
- Further break-down per CACFP - \$240,000.00 (80%):  
Centers (Admin) - \$200,000.00 (67%); DCH - \$40,000.00 (13%) = 80%

Similar to the example illustrated above, institutions must ensure complete cost allocation is documented and available upon review. Source documentation must also be made available to justify costs and cost allocation. Source documents would include, but are not limited to, time sheets, time distribution reports, payroll records and the compensation plan. These documents must reconcile to the Sponsor's cost allocation plan and/or staff distribution worksheet.

### Use of a Separate Program Account vs. a Commingled Account

Institutions and sponsors may maintain a separate Program account or a commingled account for the receipt and distribution of SFSP and/or CACFP funds. However, in order to more easily track SFSP and/or CACFP expenditures, DECAL widely encourages institutions and/or sponsors maintain a separate Program account when managing Program funds. If the institution is operating both the CACFP and SFSP, separate accounts for each Program are encouraged. If a commingled account is used, a chart of account and general ledger must be used. For example, the organization must use an accounting system that separates food service program expenses and revenues from expenses and revenues from other federal or non-federal programs operated by the organization. Under a cost allocation plan, each program would have its own accounting program code/identifier (e.g., 01-Corporate; 02-CACFP; 03-DCH; 04-SFSP; 05-CAPS). Additional codes are used to further identify specific classifications and expenses (e.g., Compensation costs-010; CACFP Program-02; Professional Employee-200; therefore, the code tracking the CACFP menu monitor's salary is: 010-02-210 - a professional employee who works full-time for the CACFP). A

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general ledger would contain accounts for recording all federal and non-federal transactions relating to the organization's total assets, liabilities, owner's equity, income and expenses.

Use of separate CACFP and SFSP accounts allows institutions and sponsors to enhance management and organization of Program funds and to avoid mismanagement or improper use of funds. Additionally, managing the program from a separate account and maintaining complete and accurate records of all deposits, withdrawals, and transfers from that separate account would avoid review or audit by DECAL of an institution's and/or sponsor's personal accounts or other accounts unrelated to the Program. However, if Program funds are transferred from a separate a SFSP and/or CACFP account to a personal or other account unrelated to the Program, that personal account or other account unrelated to the CACFP or SFSP would be subject to review or audit by USDA, DECAL, and/or its agents.

Simply opening a CACFP or SFSP bank account does not entirely satisfy DECAL's request to maintain a separate Program account. Institutions and sponsors must ensure once the Program account is established, all Program related transactions (debits and credits) must occur in this account and all Program accounting records and transactions must be segregated from all other non-Program accounts and activities. Any transfers that come from the designated Program account must be easily tracked back to the Program account and must be clearly noted in general registries, journal entries, ledgers and a chart of accounts. Most important, CACFP and SFSP funds must only be used for allowable Program-related costs.

### Records Access, Location and Retention

DECAL's policies CACFP 2-18 and SFSP 03-5 (Recordkeeping Requirements), highly emphasized that CACFP institutions and SFSP sponsors participating in their respective programs are required to maintain all records relating to Program administration, financial responsibility and operation. These records must be maintained at the location indicated in the institution's/sponsor's online application for the current year plus a period of three years after the date of submission of the final claim for the fiscal year to which they pertain.

The requested CACFP and/or SFSP financial records will only be accepted and reviewed if received by DECAL immediately upon request and retrieved from the location indicated in the online application. The immediate availability of requested Program records ensures the integrity of the institution's/sponsor's record maintenance system and eliminates the possibility of errors, improper revisions, and alterations to the records. Failure to maintain financial records or to make records available upon request, in accordance with Federal Regulations or DECAL policy, shall result in a review finding, as well as a cost disallowance for the period the records cover and/or the institution/sponsor being declared seriously deficient.

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### V. PROCEDURE(S)

#### The Financial Recordkeeping Checklist

Attached to this guidance is a CACFP & SFSP Financial Recordkeeping Checklist to assist CACFP institutions and SFSP sponsors with maintaining financial records. Since required financial management practices are similar for both Programs, the checklist is one document designed to serve both Programs. Information used to create the checklist was gathered from DECAL's Budget Guidance Manual, 2 C.F.R. 200, 7 C.F.R. 226, 7 C.F.R. 225, Financial Management Instructions 796-2 Rev. 4 (CACFP) and 796-4 Rev. 4 (SFSP), GA ATLAS, and State policy guidance. The checklist begins with an overview of the most common required financial documents, provides a list of key terms to remember (based upon common financial management findings), and a comprehensive list of required records per budget cost category.

Note: This document serves as an additional resource to improve institution and sponsors financial management practices. This document is not all inclusive and must not be used to replace any Federal or State regulation, policy and/or policy memorandum regarding financial management.

### VI. COMMENT(S)

For questions concerning this policy, please contact the Policy Administrator at 404-651-8193.



**Child and Adult Care Food Program (CACFP) and Summer Food Service Program (SFSP)  
Financial Recordkeeping Checklist**



➤ **Step 1: Overview of Financial Documents that Must Be Available for Review**

Types of Financial Records	Key Terms to Remember
<ul style="list-style-type: none"> <li><input type="checkbox"/> Balance sheet</li> <li><input type="checkbox"/> Bank statements</li> <li><input type="checkbox"/> Bank deposit slips</li> <li><input type="checkbox"/> Cancelled checks</li> <li><input type="checkbox"/> Detailed Program budget (completed GA ATLAS and approved by DECAL)</li> <li><input type="checkbox"/> Documentation of accounting system: <ul style="list-style-type: none"> <li>- Cash,</li> <li>- accrual, or</li> <li>- modified accrual system.</li> </ul> </li> <li><input type="checkbox"/> Financial tracking system</li> <li><input type="checkbox"/> For co-mingled Program accounts: <ul style="list-style-type: none"> <li>- Method of separation (i.e., independent account codes)</li> <li>- Approved allocation plan for shared costs</li> </ul> </li> <li><input type="checkbox"/> General journal</li> <li><input type="checkbox"/> General ledger/check register</li> <li><input type="checkbox"/> Monthly record of cost form OR monthly record of operating costs AND monthly record of administrative costs</li> <li><input type="checkbox"/> Office space/rental/lease, equipment rental/lease agreements</li> <li><input type="checkbox"/> Procurement documents: <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Procurement Checklist (<b>Attachment R</b>)</li> <li><input checked="" type="checkbox"/> Press release</li> <li><input checked="" type="checkbox"/> IFB or other solicitation document</li> <li><input checked="" type="checkbox"/> Proof of bid opening Discussion</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>Accounting Terms:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Cash System: Recognizes revenues and costs when cash is received and bills are paid.</li> <li><input type="checkbox"/> Accrual System: Recognizes revenues when earned and costs when incurred and uses payable and receivables.</li> <li><input type="checkbox"/> Modified Accrual System: Certain expenses are reported on an accrual basis.</li> <li><input type="checkbox"/> Chart of Accounts: Listing of all accounts available for use in an individual accounting system.</li> <li><input type="checkbox"/> General Journal: Book of original entry with account numbers and transaction amounts.</li> <li><input type="checkbox"/> General Ledger: book of final entry or each account in the journal.</li> </ul> </li> <li><input checked="" type="checkbox"/> <b>Allocation Methodology/Shared Costs:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> The portion of shared costs identified as CACFP costs; or</li> <li><input type="checkbox"/> The portion of shared costs identified as SFSP costs.</li> <li><input type="checkbox"/> Per each Program, when a cost benefits two or more cost objectives, the cost must be allocated or distributed among them proportionate with the benefit each received from the cost. Allocation is necessary because it identifies the portion of the cost that has or will benefit the CACFP nonprofit food service. An allowable cost can be charged to the nonprofit food service account as an indirect cost with appropriate documentation (e.g., Cook's labor = 10/40 hours working on CACFP; 20/40 hours working on SFSP; 10 hours on non-Program activities. Allocation Methodology = 25% charged to CACFP; 50% charged to SFSP; 25% charge to non-Program funds out of a 40 hour work week.</li> </ul> </li> <li><input checked="" type="checkbox"/> <b>Allowable Cost:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Must be approved by DECAL.</li> <li><input type="checkbox"/> Are reasonable (generally accepted as sound business practices; considered prudent by the organization and public at large; and are properly procured).</li> <li><input type="checkbox"/> Are Necessary (supports CACFP/SFSP activity or function and fulfils regulatory requirements).</li> <li><input type="checkbox"/> Refer to DECAL's Budget Guidance Manual for a comprehensive description of allowable costs ("Accounting for All Costs/Eligibility of Costs (Rules for All Costs), p.11).</li> </ul> </li> <li><input checked="" type="checkbox"/> <b>Compensation Plan:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> A required document for institutions and sponsors to establish and maintain if charging salaries and wages to the CACFP and/or SFSP [See DECAL Policy Memorandum, <i>Guidance for Establishing a Written Compensation Plan</i>, <b>October 1, 2017</b>].</li> <li><input type="checkbox"/> Illustrates how the organization incorporates employee compensation into its overall business practices. The organization's compensation plan must demonstrate how employee compensation is consistently applied throughout the organization and for all its activities, whether Program or non-Program related.</li> </ul> </li> <li><input checked="" type="checkbox"/> <b>Financial Management System:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> An adequate financial management system and internal controls must be in place to accurately track and record all sources of CACFP and/or SFSP income and expenses.</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Proof of special approval, if applicable</li> <li><input checked="" type="checkbox"/> Signed, executed contract</li> <li><input checked="" type="checkbox"/> Small purchase form</li> <li><input checked="" type="checkbox"/> Receipts (purchase receipts)/invoices</li> <li><input checked="" type="checkbox"/> Written procurement policy with procurement procedures</li> <li><input type="checkbox"/> Profit/loss statement</li> <li><input type="checkbox"/> Program bank account</li> <li><input type="checkbox"/> Service contracts/agreements</li> <li><input type="checkbox"/> Statement of bank transfers</li> <li><input type="checkbox"/> Written labor compensation plan</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> The financial tracking system is useful to reconcile all program expenditures to the institution's approved budget.</li> <li><input checked="" type="checkbox"/> <b>Maintaining Separate or Comingle Accounts:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Refer to CACFP – See DECAL Policy CACFP 02-23 - Maintaining the Integrity of CACFP Funds in a Separate or Comingled Account.</li> <li><input type="checkbox"/> Refer to SFSP – See DECAL Policy CACFP 03-8 - Maintaining the Integrity of SFSP of Separate or Commingled Accounts for SFSP Funds.</li> </ul> </li> <li><input checked="" type="checkbox"/> <b>Procurement:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Any cost per line item at or exceeding the Small Purchase Threshold of <b>\$250,000</b> must execute formal procurement procedures (e.g., sealed bids, RFP, non-competitive proposals (sole source)).</li> <li><input type="checkbox"/> Food costs below the Small Purchase Threshold of <b>\$250,000</b> must execute informal procurement procedures (e.g., micro purchase, small purchase form).</li> <li><input type="checkbox"/> A one-time transaction or pre-determined aggregate cost, that fall below the micro-purchase threshold of <b>\$10,000</b> must use micro-purchase procedures, minimal documentation is required.</li> <li><input type="checkbox"/> A written procurement policy with procurement procedures must be maintained by all CACFP and SFSP participants (<b>See DECAL Procurement Manual</b>).</li> </ul> </li> <li><input checked="" type="checkbox"/> <b>CACFP Administrative and Daycare Home Sponsors Only:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Sponsors of affiliated and unaffiliated centers and sponsors of day care homes must disperse earned reimbursement to their centers and/or day care homes within five (5) working days of receipt from DECAL.</li> <li><input type="checkbox"/> Sponsors must maintain a detailed log of all payment transactions. These records must: <ul style="list-style-type: none"> <li>▪ be sufficiently descriptive to document by date, the amount of every payment requested or made to each sponsored center or day care home;</li> <li>▪ explain all differences between requested and paid amounts;</li> <li>▪ confirm all funds requested on behalf of each sponsored center or day care home were disbursed to that specific sponsored center or day care home within the five day time requirements;</li> <li>▪ Include items #a. through #j. in accordance with the FNS Instruction 796-2 Rev.4 (XI E 2).</li> </ul> </li> </ul> </li> </ul>
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➤ **Step 2: List all costs charged to the Program, per month, on the Monthly Record of Cost Form. The form must be accompanied by the required financial records.**

➤ **Step 3: List of Required Financial Records (source documents) per Budget Cost Category**

Budget Cost Category	Corresponding Subcategories	Common Types of Financial Records to Maintain for Each Cost: 	Recommended Filing System for these Cost Records:  Create a separate folder for the fiscal year. Within the folder, create separate sections for each claim month, methodology allocations and applicable contracts.
<b>Food Costs</b> (Operating)	<input type="checkbox"/> Food Cost <ul style="list-style-type: none"> <li><input type="checkbox"/> Contracted Food Costs (FSMC or Vendor)</li> <li><input type="checkbox"/> Food Purchases</li> </ul>	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> FSMC agreement or contract <input checked="" type="checkbox"/> Menu/production records (production records are not required) <input checked="" type="checkbox"/> Bank statements and cancelled	<input checked="" type="checkbox"/> Indicate all payment amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Attach all receipts, invoices, cancelled checks, bank statements and allocation methodologies to the Monthly Record of Cost Form.

		checks <input checked="" type="checkbox"/> <b>Inventory control sheet: (Optional)</b> <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation: Formal (i.e., IFB and contract) and/or informal procurement documentation (small purchase form)	<input checked="" type="checkbox"/> Purchase Receipts should be copied to prevent fading, maintained in an envelope and organized weekly. <input checked="" type="checkbox"/> Comments must be entered on receipts from general stores. <input checked="" type="checkbox"/> Unallowed cost items on receipts must be deducted.
<b>Non-Food Supplies (Operating)</b>	<input type="checkbox"/> Materials for preparing and serving meals to include: paper napkins, straws, dishwashing compounds, disposable serving products, food service cleaning supplies, etc.	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, formal bid documents, contract, etc.)	<input checked="" type="checkbox"/> Indicate all payment amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Attach all receipts, invoices, cancelled checks, bank statements and allocation methodologies to the Monthly Record of Cost Form. <input checked="" type="checkbox"/> Purchase receipts must be copied to prevent fading, maintained in an envelope and organized weekly. <input checked="" type="checkbox"/> Comments need to be entered on receipts from general stores. <input checked="" type="checkbox"/> Unallowable cost items on receipts must be deducted.  Note: When reporting monthly costs for non-food supplies, costs should not exceed more than one month's usage.
<b>Facilities and Space Costs (Operating vs. Administrative)</b>	<input type="checkbox"/> Kitchen/Serving Area or Office Space <input type="checkbox"/> Rental/Lease Kitchen/Office Space <input type="checkbox"/> Owned Space (Depreciation) - for buildings owned by the organization <input type="checkbox"/> Utilities of Kitchen/Office Space <input type="checkbox"/> Health and safety inspection fees	<input checked="" type="checkbox"/> Facility rental/lease agreement <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Utility bills for kitchen & serving area <input checked="" type="checkbox"/> Related-party disclosure form (when applicable) <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, formal bid documents, contract, etc.) <input checked="" type="checkbox"/> Receipt/invoice for fees paid for health and safety inspection	<input checked="" type="checkbox"/> Indicate the monthly rental/lease amount on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Maintain a copy of the executed (signed and dated) facility rental/lease agreement.  Note: A. Rental/lease agreements and utility bills must be in the name of the organization <b>and not</b> an individual. B. Organizations cannot rent to themselves, but must use the depreciation method to allocate and charge costs to the CACFP and/or SFSP. C. Rental/lease agreement must clearly state whether utilities are included in the rental/lease amount or not.
<b>Labor and Benefits Costs</b>	<input type="checkbox"/> Kitchen/Meal Prep/Service Personnel <input type="checkbox"/> Site Supervisor (SFSP only) <input type="checkbox"/> Kitchen Personnel/Cook	<input checked="" type="checkbox"/> Time and attendance report <input checked="" type="checkbox"/> Time distribution report <input checked="" type="checkbox"/> Attachments P, 25, or 26 (SFSP only) <input checked="" type="checkbox"/> Bank statements and cancelled	<input checked="" type="checkbox"/> Indicate all payment amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Group time sheets for one employee for the entire claim month.

	<input type="checkbox"/> Drivers <input type="checkbox"/> Other Operating Personnel <input type="checkbox"/> Classroom teachers/instructors  <input type="checkbox"/> Administrative Personnel <input type="checkbox"/> Administration <input type="checkbox"/> Bookkeeper/Accountant <input type="checkbox"/> Monitors <input type="checkbox"/> Clerical Staff	checks <input checked="" type="checkbox"/> Payroll and payroll tax records and information (i.e., 941, W-2, W-3, 1099) <input checked="" type="checkbox"/> Allocation methodology for those employees that have more than one role in the CACFP and/or SFSP <input checked="" type="checkbox"/> Compensation plan <input checked="" type="checkbox"/> Staff distribution worksheet <input checked="" type="checkbox"/> Related-party disclosure form (when applicable)	<input checked="" type="checkbox"/> Payroll information for Site Supervisors (SFSP) can be grouped together. <input checked="" type="checkbox"/> Payroll information for the Cook can be grouped together. <input checked="" type="checkbox"/> Drivers and Specified "Other" can be grouped together. <input checked="" type="checkbox"/> Attach payroll information for each group. <input checked="" type="checkbox"/> Attach copies cancelled checks with the check number to the Time Sheet.  Note: A. All labor documents must be signed by both the staff person and the organization's authorized representative. B. Benefits must be consistent with the organization's compensation package. C. Although employees may perform multiple job functions, there can only be one wage. D. All labor charged to the CACFP and/or SFSP must be fully disclosed whether cost category or line item. E. All labor charged to the CACFP and/or SFSP must be approved in the organization's Budget Detail. F. All labor charged to the CACFP and/or SFSP must be consistent with the organization's Management Plan and Compensation Plan. G. The labor and benefits cost worksheet must include an appropriate and acceptable allocation methodology per job function. H. The compensation plan must include staff title/position, job descriptions, and the organization's staffing plan. For each position, the staffing plan must include: staff/position; job function/activity category; job function/administrative cost vs. operational cost; staff type; and salary/wage funding source (i.e., CACFP, SFSP, or other fund source with allocation methodology). I. The number of staff must be consistent with the size of the institution/sponsor. If institution/sponsor has more than one organization, the institution/sponsor must ensure the number of all staff is consistent with the number of sites. J. Failure to meet the above requirements will result in the disallowance of the entire labor cost for each staff person and repayment to DECAL and/or the organization's food service account.
<b>Contracted Labor Costs</b>	<input type="checkbox"/> Contracted services (non-management responsibilities for the Program) <input type="checkbox"/> Purchased professional services	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Time and attendance report <input checked="" type="checkbox"/> Time distribution report <input checked="" type="checkbox"/> Attachments P, 25 and/or 26 (SFSP only) <input checked="" type="checkbox"/> Bank statements and cancelled	<input checked="" type="checkbox"/> Indicate all payment amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).

		checks <input checked="" type="checkbox"/> Payroll and payroll tax information and records <input checked="" type="checkbox"/> Allocation methodology for those employees that have more than one role in the CACFP and/or SFSP. <input checked="" type="checkbox"/> Compensation plan <input checked="" type="checkbox"/> Contract agreement for contracted services <input checked="" type="checkbox"/> Related-party disclosure form (when applicable) <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, formal bid documents, contract, etc.)	
<b>Equipment</b>	<input type="checkbox"/> Personally owned equipment of \$5000 or over (Depreciation) <input type="checkbox"/> Food service equipment <input type="checkbox"/> Equipment (rental/lease)	<input checked="" type="checkbox"/> Equipment rental agreement <input checked="" type="checkbox"/> Receipts/invoices for equipment purchases <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Equipment and depreciation record <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, formal bid documents, contract, etc.)	<input checked="" type="checkbox"/> Indicate the monthly rental/lease amount on the Monthly Record of Cost form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Attach receipts/invoices, cancelled checks, bank statements, allocation methodologies, and depreciation methodologies to the form.  Note: Organizations cannot rent to themselves, but must depreciate the costs and cannot charge the depreciated amount to the CACFP and/or SFSP, but may document costs in financial statements for tax purposes.
<b>Supplies – Expendable/Durable</b>	<input type="checkbox"/> Non-food Supplies <input type="checkbox"/> Expendable Supplies <input type="checkbox"/> Durable Supplies  <b>Examples of Expendable Supplies:</b> napkins, plates, plastic ware, plastic gloves, hand wipes, liquid soap, fuel cost when using school buses, etc. <b>Examples of Durable supplies:</b> pots, pans, flatware, bowls	<input checked="" type="checkbox"/> <b>Inventory Control Sheet: (Optional)</b> <input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Small purchase form	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Small Purchase Documentation form must indicate a minimum of two quotes (three preferred) from three reliable vendors/suppliers. The form must be completed in its entirety. CACFP and/or SFSP reimbursement can only be used on costs incurred from the lowest vendor/supplier. All exceptions must be approved by DECAL. <input checked="" type="checkbox"/> Store Purchase Receipts should be maintained in an envelope and organized weekly. Make copies to prevent fading.  Note: Clearly identify items without a product description.
<b>Cellular Costs</b>	<input type="checkbox"/> Pro-rated costs of cellular telephones	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Costs Form (or an approved alternate form/method to separate Program

	<input type="checkbox"/> Connectivity costs such as cellular data plans, mobile hotspots, air cards and internet charge	checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Billing statements	costs).  Note: A. All equipment must be used for program purposes, reasonable cost allocation between program and non-program use, the supplies/services must meet a demonstrated need for efficient and effective administration of the program. B. Cellular costs must be in the name of the organization <b>and not</b> an individual.
<b>Communication Costs</b>	<input type="checkbox"/> Communication related costs: <input type="checkbox"/> Telephone <input type="checkbox"/> Telegrams <input type="checkbox"/> Fax <input type="checkbox"/> License fees for electronic software <input type="checkbox"/> Internet services <input type="checkbox"/> Postage <input type="checkbox"/> Messenger services	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Billing statements	Indicate all amounts on the Monthly Record of Costs Form (or an approved alternate form/method to separate Program costs).  Note: A. These costs must be allocated between CACFP and non-CACFP use if they are shared with other Programs. B. Communication costs must be in the name of the organization <b>and not</b> an individual.
<b>Travel Costs and Mileage Reimbursement</b>	<input type="checkbox"/> Transportation-Mileage <input type="checkbox"/> Use of personal vehicle to transport meals/children to sites <input type="checkbox"/> Transportation Vehicle Rental <input type="checkbox"/> Rental/lease of vehicle to transport meals or children.	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Authorized mileage records w/odometer readings <input checked="" type="checkbox"/> Attach 23 or 24 (SFSP Only) <input checked="" type="checkbox"/> Vehicle rental/lease agreement/contract <input checked="" type="checkbox"/> Rental/lease of vehicle for attending training, conducting monitoring reviews, etc. for the CACFP <input checked="" type="checkbox"/> Gas receipts <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Small purchase form <input checked="" type="checkbox"/> Compensation plan where travel reimbursement is addressed	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Organize mileage records for each staff person and indicate final payment amounts on the Monthly Record of Costs form. <input checked="" type="checkbox"/> Attach payroll information for each group. <input checked="" type="checkbox"/> Attach copies of cancelled checks with the check number to the Mileage Record Form. <input checked="" type="checkbox"/> Attach copies of rental agreement and gas receipts for each vehicle in date order to the form in date order. <input checked="" type="checkbox"/> Distinguish between operating costs and administrative costs  Note: A. All staff must be paid the same mileage rate. Mileage is only allowable when all other associated expenses are determined allowable. B. Mileage records must include the staff person's name, dates and times of day for each trip, origin and destination of each trip, reason for the trip, number of miles driven to and from the starting point, lodging meal and commercial carrier receipts, and a signature from the staff person and Sponsor Official C. If mileage is paid with CACFP and or SFSP funds, CACFP and/or SFSP reimbursement cannot be used for gas cost when funds are used to reimburse for mileage due to driving a personal vehicle. Mileage can only be claimed

			when personal vehicles (owned by the individual or the organization) are used.
<b>Contracted Costs</b>	<input type="checkbox"/> Purchased professional services: <ul style="list-style-type: none"> <li><input type="checkbox"/> Accounting</li> <li><input type="checkbox"/> Legal</li> <li><input type="checkbox"/> Etc.</li> </ul>	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Contract/agreement <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, formal bid documents, contract, etc.)	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).  Note: <ul style="list-style-type: none"> <li>A. Includes costs for an audit, payroll fees, and maintenance or repair service contacts on Program equipment not captured in other cost categories.</li> <li>B. Sponsoring organizations must properly allocate audit costs between all organization activities/funding sources when engaging with a Certified Public Accountant (CPA) for an Organization-wide Audit.</li> <li>C. Fees for filing the organization's corporate or nonprofit status income taxes, such as filing a 990, are considered general business expenses and are not allowable Program expenses.</li> <li>D. If utilities are included in the rental or lease agreement, utilities should not be listed separately in this cost category.</li> </ul>
<b>Utilities and Maintenance/Janitorial Costs</b>	<input type="checkbox"/> Kitchen/Serving Area or Office Space <ul style="list-style-type: none"> <li><input type="checkbox"/> Rental/lease kitchen/office space</li> <li><input type="checkbox"/> Owned space (Depreciation) - for buildings owned by organization</li> </ul> <input type="checkbox"/> Utilities of kitchen/office space	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Facility rental/lease agreement <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Recent utility bills for kitchen & serving area <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, formal bid documents, contract, etc.)	<input checked="" type="checkbox"/> Indicate the monthly rental/lease amount on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> Maintain a copy of the executed (signed and dated) facility rental/lease agreement.  Note: <ul style="list-style-type: none"> <li>A. Rental/lease agreements and utility bills must be in the name of the organization <b>and not</b> an individual.</li> <li>B. Organizations cannot rent to themselves, but must use the depreciation method to allocate and charge costs to CACFP and/or SFSP.</li> <li>C. Rental/lease agreement must clearly state whether utilities are included in the rental/lease amount or not.</li> </ul>
<b>Other and Special Costs</b>	<input type="checkbox"/> Costs not specific in other categories	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form)	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs). <input checked="" type="checkbox"/> These costs typically fall under administrative costs.
<b>Advertising &amp; Public Relations</b>	<input type="checkbox"/> Advertising for: <ul style="list-style-type: none"> <li><input type="checkbox"/> Formal procurements</li> </ul>	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program

	<input type="checkbox"/> Necessary public relations costs	<input checked="" type="checkbox"/> checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation Procurement documentation (small purchase form, formal bid documents, contract, etc.)	costs).
<b>Meetings &amp; Conferences</b>	<input type="checkbox"/> Must cover Child Nutrition topics: <input type="checkbox"/> CACFP, SFSP, At-risk Afterschool Meals	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Procurement documentation (small purchase form) <input checked="" type="checkbox"/> Travel itinerary and associated costs <input checked="" type="checkbox"/> Meeting agenda	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).  Note: A. Meetings/workshops that are not totally Program related must be prorated based on the amount of time the workshop covers Child Nutrition topics. B. These costs typically fall under administrative costs.
<b>Participant Training and Other Participant Support Costs</b>	<input type="checkbox"/> Must cover Child Nutrition topics: <input type="checkbox"/> CACFP, SFSP, At-risk Afterschool Meals	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Procurement documentation (small purchase form) <input checked="" type="checkbox"/> Travel itinerary and associated costs <input checked="" type="checkbox"/> Meeting agenda <input checked="" type="checkbox"/> Declaration page, invoice or quote	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).  Note: A. When institutions/sponsors conduct participant training, associated costs of facilities or equipment for training is included in this cost category.
<b>Proposal Costs</b>	<input type="checkbox"/> Costs for efficient SFSP/CACFP administration	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, formal bid documents, contract, etc.) <input checked="" type="checkbox"/> Contract	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).
<b>Publication, Printing and Reproduction</b>	<input type="checkbox"/> Reproduction of: <input type="checkbox"/> Brochures <input type="checkbox"/> Instruction booklets <input type="checkbox"/> Newsletters	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Cancelled checks and bank statements <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form, include	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).  Note: <input checked="" type="checkbox"/> Ensure receipts for costs include the name (title) of the form, instruction booklet, or handbook duplicated, and the quantity.



		title and quantity)	
<b>Insurance Costs</b>	<input type="checkbox"/> Non-related to employee fringe benefits	<input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks <input checked="" type="checkbox"/> Allocation methodology <input checked="" type="checkbox"/> Written procurement policy/procedures <input checked="" type="checkbox"/> Procurement documentation (small purchase form) <input checked="" type="checkbox"/> Declaration page	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).
<b>Indirect Costs</b>	<input type="checkbox"/> Includes assigned or negotiated indirect cost rate	<input checked="" type="checkbox"/> Approved Indirect Cost Rate Plan/Certificate of Indirect (F&A) Costs <input checked="" type="checkbox"/> Account journal entries <input checked="" type="checkbox"/> Minimis rate request <input checked="" type="checkbox"/> Receipts/invoices <input checked="" type="checkbox"/> Bank statements and cancelled checks	<input checked="" type="checkbox"/> Indicate all amounts on the Monthly Record of Cost Form (or an approved alternate form/method to separate Program costs).  Note: A. The Federal Cognizant Agency approves and provides the indirect cost rate, through issuance of a Certificate of Indirect (F&A) Costs. B. If no such rate exists, either a rate negotiated between the State Agency (pass-through entity) and the non-Federal organization (subrecipient), or a de minimis indirect cost rate as defined in 2 CFR 200.414 may be issued.

➤ **Step 4: DECAL recommends the use of a separate notebook, folder, or binder for each record type.**

- ☐ Separate records by Program, then by Month per Program:
- ☐ By Month – with the monthly record of cost form (operating and/or administrative) as the first document and all source documents for that month behind the form.

➤ **Step 5: Maintain one file that houses all written policies and procedures:** Doing so would allow the compliance examiner to quickly locate and verify the approval of any costs that is contingent upon having a written policy or procedure in place.

Examples:

- ☐ CACFP and/or SFSP-related policies and procedures
- ☐ Organizational policies and procedures
- ☐ Written procurement policy and procurement procedures
- ☐ Organization's compensation plan
- ☐ Written travel policy
- ☐ Written standards of conduct
- ☐ Other Program/organization policies and procedures

➤ **Step 6: Maintain records securely and safely for three years plus the current year.**

- ☐ Records need to be stored in boxes or bins off the floor in a storage area that is not susceptible to flood damage.
- ☐ The storage area must be located at the address provided in the Management Plan in a secure, safe, and accessible.